

NORTH AMERICA.

No. 11. (1863.)

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CORRESPONDENCE

RESPECTING

TRADE WITH MATAMOROS.

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*Presented to both Houses of Parliament by Command of Her Majesty.*  
1863.

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LONDON :  
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## Correspondence respecting Trade with Matamoros.

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### No. 1.

*Earl Russell to Lord Lyons.*

(Extract.)

*Foreign Office, April 24, 1863.*

IN my previous despatches by this mail I have given you instructions with respect to the cases of the "Peterhoff," the "Dolphin," and the letter of Mr. Adams.

There is an impression here with regard to all these cases of wrong on the part of American authorities, which is still more serious than the wrongs themselves. It is an impression widely spread and deeply felt, that it is the intention of the American Government, by captures without cause, by delays of adjudication, by wanton imprisonment of the master and part of the crew of captured vessels, to put a stop to the British trade to Matamoros altogether.

The trade to Matamoros is, however, a perfectly legitimate trade. It is carried on from New York, as it is from London and Liverpool. To pretend that some goods carried to Matamoros may be afterwards transported across the frontier to Texas, does not vitiate the legitimate character of that trade. Nor is it possible to say beforehand that certain goods will be consumed in Mexico, and certain other goods will be carried into the so-called Confederate States. It might so happen that all the goods carried from London might be used in Mexico, and all the goods sent from New York might be transported by land to Texas. This is a matter beyond the scope and destination of the sea voyage.

If, therefore, it should appear that, from jealousy of trade, or unjust suspicion of contraband, or any other motive, the British trade were deliberately and systematically made subject to vexatious capture and arbitrary interference, it is obvious that Great Britain must interfere to protect her flag. While submitting to the most severe interpretation of the Law of Nations, she cannot allow that, under pretext of that law, hostilities should be carried on against a lawful branch of her commerce.

You will take care to make the sentiments of Her Majesty's Government clearly and distinctly understood by Mr. Seward as to this matter.

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### No. 2.

*Lord Lyons to Earl Russell.—(Received May 23.)*

(Extract.)

*Washington, May 8, 1863.*

I HAD yesterday the honour to receive your Lordship's despatches of the 24th ultimo, containing instructions with respect to the cases of the "Peterhoff" and the "Dolphin," and to Mr. Adams's letter granting a safe-conduct to Matamoros.

Having sent in to Mr. Seward notes drawn up in conformity with those instructions, I went to the State Department to speak to him on the subject of the impression which prevails in England that it is the intention of the United States' Government to put a stop, by vexatious proceedings, to the British trade with Matamoros.

I told Mr. Seward that I was specially directed by your Lordship to make the sentiments of Her Majesty's Government as to this matter clearly and distinctly understood by him; and that in order to do this; I would, with his permission, read to him a Memorandum which I had brought with me of the instructions I had received that morning from your Lordship.

Mr. Seward having assented, I read to him the Memorandum of which I have the honour to inclose a copy. It is founded on your Lordship's despatch of the 24th ultimo. The first paragraph of the despatch is omitted, and at the beginning of the second paragraph the words "in England" are substituted for the word "here," and the words "the recent cases" for the words "all these cases." In all other respects the memorandum is a transcript of the despatch.

Mr. Seward asked me to send him a copy of the Memorandum, and said that he was confident that he should be able to give satisfactory assurances on all the points mentioned in it.

I promised at once to send Mr. Seward the copy, and said that I should have great pleasure in transmitting to Her Majesty's Government the assurances which he led me to expect. I deemed it right, however, to observe that I thought that some decided practical steps were necessary to do away with the impression which the recent proceedings of the United States' cruizers had produced. Mr. Seward had, I said, before these proceedings took place, communicated to us very satisfactory instructions which he had conveyed to the Navy Department, but those instructions were apparently set at nought by the naval officers.

Mr. Seward replied that it was impossible to guard against all evils beforehand by general instructions. Only experience could show where the rubs really were.

I said that the great point appeared to me to be to make the subordinate officers feel the effects of the displeasure of the Government when they violated neutral rights. It was not likely that the naval officers would pay much attention to the assurances given by the Government to foreign Powers, nor could it be expected that they would even regard formal instructions to themselves, if they found that they could practically violate them with impunity. The temptation to them to make captures was naturally strong; it was for the Government to make them feel the necessity of abstaining from being led beyond the limits of international law. It would also be prudent for the Government to remove its subordinates from situations in which they were peculiarly exposed to temptations to make an unlawful use of belligerent powers. I added that I should regard another questionable seizure of a British merchant-vessel, in the neighbourhood of St. Thomas, or another questionable seizure made anywhere of a British vessel bound to Matamoros, as little less than a calamity.

Mr. Seward did not commit himself by any definite promises, but he appeared to be confident that he should be able to set all these matters right.

I sent him in the course of the afternoon a copy of the Memorandum.

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#### Inclosure in No. 2.

#### *Memorandum given by Lord Lyons to Mr. Seward, March 7.*

THERE is an impression in England with regard to the recent cases of wrong on the part of American authorities, which is still more serious than the wrongs themselves. It is an impression widely spread and deeply felt that it is the intention of the American Government, by captures without cause, by delays of adjudication, by wanton imprisonment of the masters and part of the crew of the captured vessels, to put a stop to the British trade to Matamoros altogether.

The trade to Matamoros is, however, a perfectly legitimate trade. It is carried on from New York as it is from London and Liverpool. To pretend that some goods carried to Matamoros may be afterwards transported across the frontier to Texas does not vitiate the legitimate character of that trade. How is it possible to say beforehand that certain goods will be consumed in Mexico and certain other goods will be carried into the so-called Confederate States? It might so happen that all the goods carried from London might be used in Mexico, and all the goods sent from New York might be transported by land to Texas. This is matter beyond the scope and destination of the sea-voyage.

If, therefore, it should appear that from jealousy of trade or unjust suspicion of contraband, or any other motive, this British trade were deliberately and systematically made subject to vexatious capture and arbitrary interference, it is obvious that Great Britain must interfere to protect her flag. While submitting to the most severe interpretation of the law of nations, she cannot allow that under pretence of that law hostilities should be carried on against a lawful branch of her commerce.

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No. 3.

*Lord Lyons to Earl Russell.—(Received May 30.)*

My Lord,

*Washington, May 19, 1863.*

I HAVE the honour to inclose a copy of a note dated the 12th instant, which I have just received from Mr. Seward, and which appears to contain comments on the communication which I made to him, in pursuance of the instruction contained in your Lordship's despatch of the 24th ultimo, relative to the sentiments of Her Majesty's Government with regard to the impediments apparently placed by the United States' authorities in the way of the prosecution of the lawful trade between Great Britain and Matamoros.

I have not had time to do more than glance at the contents of the note.

I have, &c.  
(Signed) LYONS.

Inclosure in No. 3.

*Mr. Seward to Lord Lyons.*

My Lord,

*Department of State, Washington, May 12, 1863.*

IN a conversation which was held between us at this Department on the 7th instant, you represented to me, by direction of your Government, that "there is an impression in England in regard to the recent cases of wrong on the part of American authorities, which is still more serious than the wrongs themselves. It is an impression widely spread and deeply felt, that it is the intention of the American Government, by captures without cause, by delays of adjudication, by wanton imprisonment of the masters and part of the crews of captured vessels, to put a stop to the British trade to Matamoros altogether."

You farther represented to me, as the views of your Government, that the trade to Matamoros is a perfectly legitimate trade; that it is carried on from New York as it is from London and Liverpool; that to pretend that some goods carried to Matamoros may be afterwards transported across the frontier to Texas does not viciate the legitimate character of that trade. You asked, how is it possible to say beforehand that certain goods will be consumed in Mexico, and certain other goods will be carried into the so-called Confederate States? You argued that it might happen that all the goods carried from London might be used in Mexico, and all the goods sent from New York might be transported by land to Texas, and this is a matter beyond the scope and destination of the sea-voyage.

You added that if, therefore, it should appear that, from jealousy of trade, or unjust suspicion of contraband or any motive, the British trade were deliberately and systematically made subject to vexatious capture and arbitrary interference, it is obvious that Great Britain must interfere to protect her flag; and you closed with saying that, while submitting to the most severe interpretation of the law of nations, she could not allow that, under pretence of that law, hostilities should be carried on against a lawful branch of commerce.

It was not possible for me to be ready to reply at once to a representation so entirely new, so comprehensive, and yet so elaborate; and I contented myself with promising you that it should receive, at an early day, the serious consideration to which it is entitled.

I do not in the least doubt that the impression which you have thus described does exist in England; and I am not prepared to question the fact that it is as deeply and widely prevalent as you have described. I can well enough understand, I think, that pains have been taken to produce that impression by many persons there, some of them being your countrymen, and more of them being mine, to whom the preservation of peace between the United States and Great Britain is a subject of less concern than mercantile speculations or sinister political designs of their own. And I think I can understand how such persons may, for a time, by extravagant and concerted statements, mislead the public mind of a country even so enlightened and considerate as Great Britain. I must, at the same time, be allowed to say that, as no facts are given in support of this impression, so I think that it has been produced in the absence of any occurrence sufficient for its justification.

It is only very recently that this especially enlarged Matamoros trade has come to our notice. Suddenly and quickly as palaces, cities, States, or Empires rise in the tales of



the "Arabian Nights" under the waving of a wand, or the utterance of a spell, that trade rose from a petty barter to a commerce that engaged the mercantile activity of Liverpool and London. Simultaneously roads across the interior of Texas were covered with caravans; the cotton of disloyal citizens in the insurrectionary region became all at once the property of the treasonable conspiracy against the Union, and was hypothecated by its agents for a foreign loan to satisfy obligations contracted by them in the fitting out and equipping, and clearing from British ports of steam naval expeditions to destroy the commerce of the United States. The "Peterhoff" was about the first discovered of the vessels engaged in this expanded trade. Unusual arts and devices were alleged with much probability to have been used by her owners to secure for her immunity as a trader bound to Matamoros with a lawful cargo, when in fact she was designed not to reach, or even seek that port at all, but to discharge her freights into rebel lighters at the mouth of the Rio Grande, at the order of pretended consignees, who were her passengers, to be conveyed at once to the possession of the insurgents on American, not Mexican soil. She was indicated, moreover, as a forerunner of other fraudulent craft of the same character, organized with regularity, so as to constitute a contraband packet line. She was searched and, upon probable grounds, was seized and sent into the nearest available port for adjudication. The Court at Key West having temporarily arisen, she was, in compliance with the wishes of the British authorities, as well as of the owners, sent at once to New York. Investigation was promptly instituted there. It has been prosecuted with as much diligence and regularity as were ever practised in any Prize Court in any country, and no unredressed complaint has yet been made to this Government of any error or abuse which has occurred in the proceedings. But that investigation had only commenced there when the impression was suddenly made in England to which your Lordship has called my attention, and made in advance, and with the tendency, if not the purpose, to discredit the tribunal by anticipating its judgment, and to prevent the exercise by this Government of all legal right to arrest the new contraband trade.

It would be neither possible nor becoming for me, on behalf of the Government, to resort to specific explanations designed to furnish you means for correcting the erroneous and unjust impression which you have brought to my notice, without indicating on your own part any illegal or unfair act of this Government or its Agents which could have been concerned in producing that impression. I must be content, therefore, with a denial in the general and in the particular of every one of the designs or dispositions attributed to this Government by those persons in England who have made or received the impression which you have described. No other proof need be offered to show that the impression is groundless and erroneous than the correspondence which has taken place between this Department and the British Office for Foreign Affairs touching the cases of seizure which have occurred throughout the whole war, including the cases of the "Dolphin" and the "Peterhof," *ex parte* statements of which in England would seem to have had effect in producing the erroneous impression complained of. Thus referring confidently to that correspondence, I have now farther to inform your Lordship that every seizure which has been made since the last autumn was made under the just and fair and unquestionably legal instructions of the Secretary of the Navy which were announced to you by me in my note of the 8th of August last; and that no other or different instructions, open or secret, have been given by this Government. As it cannot be assumed by the United States, nor conceded by Great Britain, that all the vessels ostensibly trading between a British port, and Matamoros are unlawfully engaged, so it cannot be claimed by Great Britain nor conceded by us that some British vessels may not be fraudulently engaged in that ostensible trade in conveying supplies to the insurgents of the United States. This Government puts forth its best efforts in all cases to prevent abuses of the right or of the power of search; and if these efforts sometimes fail through the incompetency or misjudgment of an Agent, it hastens to correct the involuntary error. It refers the trial of every fact and of every question of law to a Court recognized by the law of nations, no one of whose Judgments has yet been complained of by the British Government, and which therefore justly lies under no suspicion of either want of intelligence or want of impartiality.

Happily, the operations of the army and the navy on the Mississippi seem now to be likely to break up the inland way over which the unlawful trade in question was intended to be carried, and to remove the remunerative temptations to a continuance of that injurious and forbidden commerce. Renewed instructions have been given to the Commanders of the blockading fleet to practise caution, and conform strictly to the principles of maritime law in conducting searches and seizures. The Admiralty is likely soon to pronounce upon the legality of the seizure of the "Peterhof," and in other cases which are in preparation for adjudication.

If, therefore, as the British Government assures us with entire frankness and sincerity, as we believe, your country is content to abide by the rules and principles of the law of nations, I see no reason to doubt that the painful impression to which you have called my attention will give way to sentiments more accordant with the intentions of the two Governments, and more conducive to the preservation of harmony and friendly intercourse between them.

I avail, &c.  
(Signed) WILLIAM H. SEWARD.

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